



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 7

11201 Renner Boulevard
Lenexa, Kansas 66219

JAN 20 2015

Mr. Brian Trower
Assistant Director-Electric Services
Ames Municipal Electric System
P.O. Box 811
Ames, Iowa 50010

Dear Mr. Trower:

This letter is in response to your request dated December 17, 2014 for a one-year compliance extension for City of Ames Steam Electric Plant's coal-fired boilers Unit 7 and Unit 8 to comply with the Mercury and Air Toxics Standard (MATS). The MATS compliance date for these boilers is April 16, 2015. The City of Ames has requested a compliance extension until April 16, 2016, according to the provisions under 40 CFR § 63.6(i), because the City of Ames asserts it needs additional time to convert these units to natural gas. The U. S. Environmental Protection Agency, Region 7 (EPA), by this letter approves a compliance extension as described further below.

Both boilers will convert to natural gas and will cease using coal and distillate #2 fuel oil for light-off and flame stabilization. The City of Ames expects that Unit 8's conversion will be complete by April 16, 2016. Unit 7's conversion is not expected to be complete until after April 16, 2016 however this compliance extension ends April 16, 2016¹. Due to the extension, The City of Ames is now required to achieve final compliance with MATS by April 16, 2016. For clarity, we confirm that this extension also applies to the Part 63 Subpart A requirements triggered by the compliance date of the MATS. Final compliance shall include the conversion of the units to natural gas so that they meet the definition of natural gas-fired electric utility steam generating unit in 40 CFR § 63.10042 by the extended compliance date. The EPA understands that the City of Ames may continue to review potential pollution control methods and equipment in the future and may select other equipment or methods that become available to meet compliance requirements at that time.

Pursuant to 40 CFR § 63.6(i)(11), within 30 calendar days of each of the following, the City of Ames shall provide a letter stating when each of the following is achieved:

- The date Unit 7 successfully completes startup and testing the conversion to natural gas; and
- The date Unit 8 successfully completes startup and testing the conversion to natural gas.

Pursuant to 40 CFR § 63.6(i)(4)(i), the compliance extension must be incorporated into the Title V permit. Notwithstanding this extension of compliance for the provisions listed above, the City of Ames Units 7 and 8 must meet all other applicable federal and State requirements. Pursuant to Section

¹ An extension to April 16, 2016 is the maximum allowed by section 112(i)(3)(B) of the Clean Air Act. As you know, the EPA has an enforcement response policy, available at <http://www2.epa.gov/enforcement/enforcement-response-policy-mercury-and-air-toxics-standard-mats>, that describes the use of Section 113(a) administrative orders with respect to the sources that must operate in noncompliance with the MATS for up to a year to address specific documented reliability concerns.



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113 of the Clean Air Act, the City of Ames may be subject to civil fines and penalties of up to \$37,500 per day per violation, should compliance with 40 CFR Part 63 Subpart UUUUU not be achieved by the extended compliance date of April 16, 2016.

If you have any further questions regarding this compliance extension, please contact Mr. Ward Burns, at (913) 551-7960.

Sincerely,



Mark A. Smith, Chief
Air Permitting and Compliance Branch

cc: Dennis Thielen
Iowa Department of Natural Resources